

TECHNICAL EXHIBIT 1-001 PERFORMANCE REQUIREMENTS SUMMARY

- 1.0 PERFORMANCE REQUIREMENTS SUMMARY (PRS).** The rights of the Government and remedies described in this PRS, which is a part of the contract, are in addition to other rights and remedies set forth in the contract. Specifically, the Government reserves its contract rights under the Inspection of Services Clause and the Default Clause. For services not included in the PRS, Government quality assurance actions and remedies applied against deficiencies found during surveillance will be in accordance with the provisions of the Inspection of Services Clause. The purpose of this technical exhibit is to define performance evaluation and payment procedures. The absence from this PRS of any contract requirement, however, shall not detract from its enforceability or limit the rights or remedies of the Government under any other provision of the contract, including the Inspection of Services Clause and the Default Clause. The Performance Requirements Summary will:
- 1.1. List those PWS required services (column 1) that are paid for on the basis of a payment computation system specified in paragraph 4 of this technical exhibit.
 - 1.2. List the performance standards for the required service (column 2).
 - 1.3. Define the standard of performance by which the Government will measure contract performance (column 3).
 - 1.4. List the paragraphs of the contract that cover the required service (column 4). Sub-paragraphs of the paragraph listed shall be considered part of the listed paragraph.
 - 1.5. Set forth the maximum allowable deviation, or acceptable quality level (AQL), from perfect performance (column 5) for each listed service. This is the deviation from 100% performance that will be allowed by the SP before the Government will invoke the payment computation formula. Application of this formula will result in payment of less than 100% of the maximum payment for the listed service.
 - 1.6. Set forth the primary surveillance methods the Government will use to evaluate the SP's performance in meeting the contract requirements (column 6).
 - 1.7. Set forth the weight of each performance standard relative to the PWS required service performed (column 7).
 - 1.8. Designate the Contract Line Item Number (CLIN) on which the Government will invoke the payment computation formula (column 8).

2.0 GOVERNMENT QUALITY ASSURANCE. The SP's performance will be compared to the contract standards and AQLs using the Quality Assurance Surveillance Plan (QASP).

2.1. The Government may use a variety of surveillance methods to evaluate the SP's performance. Only one method will be used at a time to evaluate a listed service during an inspection period for payment computation purposes. The Government may change the method of surveillance of a service at the end of an inspection period. The Government will notify the SP when the method(s) of inspection will change. The methods of surveillance/inspection that may be used are:

2.1.1. **PLANNED SAMPLING.** Sampling procedures for each item of work are described below. The Normal Surveillance Level will be used initially. If the Observed Defect Rate (ODR) is less than the AQL, the Minimum Surveillance Level may be used. If, at the Minimum Surveillance Level, the ODR exceeds the AQL, inspections should then return to the Normal Surveillance Level. If, at the Normal Surveillance Level, the ODR exceeds the AQL for two consecutive months, the taking of additional samples will be considered.

2.1.1.1. **SP FILES AND RECORDS.** Monthly, the COTR will select 15% of the required items to randomly sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will randomly select 5% of the required items to sample.

2.1.1.2. **LEVEL II WORK ORDERS.** The COTR will select approximately 20% of the Level II work orders to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will select approximately 10% of the Level II work orders for surveillance. The sample will contain all Emergency, Urgent, and High Priority work orders, with the balance of the sample consisting of Routine priority work orders.

2.1.1.3. **LEVEL III WORK ORDERS.** The COTR will select approximately 20% of the Level III work orders to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will select approximately 10% of the Level III work orders for surveillance. The sample will contain all Emergency, Urgent, and High Priority work orders, with the balance of the sample consisting of Routine priority work orders.

- 2.1.1.4. PLUMBING PREVENTIVE MAINTENANCE. The COTR will plan to select 20% of the manholes and lift stations to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will plan to select 10% of the manholes and lift stations for surveillance. Selected manholes and lift stations will be chosen to ensure geographical spread.
- 2.1.1.5. FLUSH FIRE HYDRANTS. The COTR will plan to select 20% of the fire hydrants to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will plan to select 10% of the fire hydrants for surveillance. Selected fire hydrants will be chosen to ensure geographical spread.
- 2.1.1.6. INSPECT PRIMARY DISTRIBUTION LINES. The COTR will select 10% of the electrical distribution system poles in each submittal to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will select 5% of the electrical distribution system poles in each submittal to sample.
- 2.1.1.7. INSPECT EYEWASH STATIONS/SHOWERS. The COTR will plan to select 20% of the eyewash stations/showers to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will plan to select 10% of the eyewash station/showers for surveillance. Selected eyewash stations/showers will be chosen to ensure geographical spread.
- 2.1.1.8. INSPECT AND TEST EMERGENCY LIGHTING. The COTR will randomly select approximately 20% of the exit signs and emergency lights to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will randomly select approximately 10% of the exit signs and emergency lights for surveillance.
- 2.1.1.9. HVAC OPERATIONAL DUTIES. The COTR will randomly select 20% of the operational logs and records to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will randomly select 10% of the operational logs and records for surveillance.
- 2.1.1.10. HVAC PREVENTIVE MAINTENANCE. The COTR will randomly select approximately 30% of the equipment checklists to sample under Normal Surveillance. If Minimum Surveillance is being applied, the COTR will randomly select

approximately 15% of the equipment checklists for surveillance.

2.1.2. 100% INSPECTION. The COTR will inspect all records, checklists, and reports submitted by the SP. The COTR will also randomly use physical surveillance to verify that the work being performed by the SP is in compliance.

2.1.3. CUSTOMER COMPLAINTS. Upon receipt of the customer complaint, the COTR will: evaluate the complaint, document legitimate complaints, notify the SP of the complaint, request input from the SP regarding any required corrective action, and Inform the SP of any further corrective action necessary.

3.0 CRITERIA FOR ACCEPTABLE AND UNACCEPTABLE PERFORMANCE.

The standards and AQL are based on the levels of performance experienced when Government personnel performed the service and are the level of performance acceptable to the Government. Performance of a listed service will be accepted and paid for at 100% of the CLIN amount when the number of defects found by the COTR, during contract surveillance, does not exceed the number of defects allowed by the AQL in column 5. When the number of defects in the SP's performance found by the COTR exceeds the acceptable level, the SP's payment for services rendered will be calculated as stated in paragraph 4 of this technical exhibit. The SP shall respond to a Contract Discrepancy Report (CDR), in writing, stating why performance was unacceptable; how performance will be returned to an acceptable level; and how recurrence of the problem will be prevented in the future. The Contracting Officer will evaluate the SP's explanation and determine if full payment, partial payment, or if the contract termination process is applicable.

3.1. NUMBER OF DEFECTS. If the AQL is a percentage value, it is multiplied by the lot size to determine the number of defects that will allow maximum payment. If the value results in a decimal of .5 or greater, it will be rounded up, for example, 6.6 would be rounded to 7 defects; if the decimal is less than .5 it will be rounded to the lower whole number, for example, 6.3 would be rounded to 6 defects. One or more additional defects will render the performance unsatisfactory and cause less than the maximum payment.

3.2. ACCEPTANCE OF REPERFORMANCE OR LATE PERFORMANCE. Except as otherwise stated in this technical exhibit, the services required by this contract are of such a nature that defective or incomplete performance disclosed by Government inspection is not subject to correction by reperformance or late performance. The SP shall not be required nor entitled to reperform, perform late, or otherwise correct defective services for the purpose of improving an existing inspection rating or avoiding a reduction in the full contract price.

- 3.2.1. **REPERFORMANCE OR LATE PERFORMANCE.** At the sole election of the Government and upon notification to the SP, the SP may be required to reperform or perform late any or all-defective work disclosed by Government inspection including defective and incomplete performance. Where the Government so elects, the SP will be notified promptly after inspection that specified defective services shall be reperformed or performed late, and completed within a reasonable time specified by the Government. In such cases, the Government will reinspect work designated for reperformance or late performance, and the SP may be held liable for any damages sustained by the Government including, for example, the costs associated with reinspection.
- 3.2.1.1. Where the Government requires reperformance or late performance solely as a result of sample defective service disclosed by planned sampling inspection, the SP's original inspection results shall not be modified upon reinspection since the sample reflects only a portion of the service lot. Instead, if the AQL is exceeded for that performance period, any payment computation shall include credit for reperformance or late performance of sample defective service during that period according to the payment computation method described in paragraph 4 of this technical exhibit.
- 3.2.1.2. Where the Government requires reperformance or late performance of all defective service in a lot, the SP shall resubmit the entire service lot for reinspection. If reinspection is conducted by random sample, a new random sample will be employed. Upon reinspection, the original inspection results will be revised to reflect the resubmitted lot.
- 3.2.2. **NON-PERFORMANCE.** The Government will not pay the SP for non-performance of services. In the event that the SP fails to perform any portion of the required services, the payment to the SP shall be reduced proportionally according to the percentage of the services not performed. The portion of the required service performed will then be evaluated by the COTR according to the performance standards of the PRS. The SP shall also be responsible for any liquidated damages that may apply.
- 3.2.3. **LIQUIDATED DAMAGES.** In the event that the SP fails to perform required services, or the services found by inspection to be defectively performed, the Government may elect to have those services

performed by an alternate means. The SP shall be assessed liquidated damages for the incurred cost to the Government.

- 4.0 SP PAYMENT.** During each month, the SP's performance will be compared to contract standards and AQLs as stated in the PRS. If the performance defects of a required service exceeds the AQL and the poor performance is the fault of the SP, the Government may not pay the full percentage value of the service stated in the PRS. The payment for listed services in which defects exceed the AQL will be calculated as shown below.

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Calculation of SP payment for Level II work orders based on a lot size of 200, a sample size of 20%, and an SP invoice for \$150,000.00. Assuming the following defects are determined from the sample: 1 quality defects, 2 timeliness defects, and 2 reporting defects. AQLs are: 4.0% for quality, 4.0% for timeliness, and 7.0% for reporting.

SERVICE REQUIREMENTS	WORK REQUIREMENTS		
	TIMELY	QUALITY	REPORTING
A. Price for work requirement (based on category weight)	\$ 65,000.00	\$ 75,000.00	\$10,000.00
B. Number of requirements during the billing period	200	200	200
C. Price per service call (A ÷ B)	\$ 325.00	\$ 375.00	\$ 50.00
D. Number of requirements in sample	40	40	40
E. Observed unsatisfactory requirements in sample	2	1	4
F. Observed Defect Rate (E ÷ D)	5.0%	2.5%	10.0%
G. Extrapolated Defects (B x F) (round down to whole number)	10	0*	20
H. Requirements satisfactorily reworked by SP (at the Government's option)	N/A	0	2
I. Requirements reworked by Gov't or others	N/A	0	0
J. Total number of requirements to be deducted (G - H - I)	10	0	18
K. Extrapolated Deductions (C x J)	\$3,250.00	N/A	\$900.00
L. Deductions for cost of Gov't rework	\$ 0	\$ 0	\$ 0
M. Liquidated Damages for Government rework (20% x L) **	\$ 0	\$ 0	\$ 0
N. Total payment deductions (K + L + M)	\$3,250.00	N/A	\$900.00

Total Payment to SP: \$150,000.00 - \$4,150.00 = \$145,850.00

* - Extrapolated defects not calculated since Observed Defect Rate (F) is less than the AQL